

850 Lincoln Centre Drive
Foster City, CA 94404 U.S.A.
T 650.570.6657 F 650.572.2743
www.appliedbiosystems.com

January 18th, 2006

Via E-Mail

Dana F. Fidler
Director-Financial Processes & Services
Controller's Staff
Dana.f.fidler@delphi.com

Dear Dana Fidler:

This will acknowledge receipt of your letter to me dated December 20, 2005, which I received on January 10th, 2006.

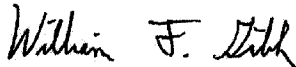
Please be advised that the Applied Biosystems group of Applied Biosystems Corporation has not effected any setoff of pre-bankruptcy obligations owed to Delphi Medical Systems Texas Corporation ("DMSTC:") against amounts owed by DMSTC to Applied Biosystems. There are no debits to be reversed, and we have not violated the automatic stay.

However, as we have previously informed Delphi, we believe we have rights of recoupment and/or setoff, some of which are subject to the automatic stay provisions of Section 362 of the Bankruptcy Code, and some of which may be affected by orders entered by the Bankruptcy Court in Delphi's bankruptcy cases. We are investigating the appropriate procedures for protecting and obtaining the benefit of our rights and will then take the actions we deem appropriate.

In the meantime, pending our investigation and pursuit of our rights, we have, on advice of counsel, placed an administrative freeze on our accounts payable to DMSTC, which we are permitted to do by Section 542(b) of the Bankruptcy Code and *Citizens Bank v. Strumpf*, 516 U.S. (1995).

We value our relationship with DMSTC and will keep it informed of the results of our investigations with respect to these matters.

Sincerely,



William F. Gibbs
Sr. Director, Business Operations